



PUBLIC NOTICE

Federal Communications Commission
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DA 04-2872

Released: September 3, 2004

DOMESTIC SECTION 214 APPLICATION FILED FOR TRANSFER OF CONTROL OF EVERCOM SYSTEMS, INC. TO TZ HOLDINGS, INC.

STREAMLINED PLEADING CYCLE ESTABLISHED

WC Docket No. 04-314

Comments Due: September 16, 2004

Reply Comments Due: September 23, 2004

On July 28, 2004, Evercom Systems, Inc. ("Evercom Systems"), Evercom Holdings, Inc. ("Evercom Holdings"), and TZ Holdings, Inc. ("TZ")¹ filed an application, pursuant to section 63.04 of the Commission's rules,² to transfer control of Evercom Systems's domestic section 214 authorizations to TZ.³

Applicants assert that this transaction is entitled to presumptive streamlined treatment pursuant to section 63.03(b)(2)(i) of the Commission's rules⁴ because (1) subsequent to the transaction, the transferee, TZ, will have less than 10 percent of the interstate, interexchange market; (2) TZ will provide competitive telephone exchange services exclusively in geographic areas served by a dominant local exchange carrier that is not a party to the proposed transaction; and (3) neither Evercom Systems, Evercom Holdings, nor TZ is dominant with respect to any service.

¹ TZ has since changed its corporate name to Securus Technologies, Inc. See Letter from Paul C. Besozzi, Counsel for Evercom Systems, Inc., Evercom Holdings, Inc. and TZ Holdings, Inc., to Marlene H. Dortch, Secretary, FCC, WC Docket No 04-314 (filed Aug. 23, 2004).

² 47 C.F.R. § 63.04; see 47 U.S.C. § 214.

³ Applicants are also filing an application for consent to transfer authorization for international services. Any action on this domestic 214 application is without prejudice to Commission action on other related pending applications.

⁴ 47 CFR § 63.03(b)(2)(i).

Evercom Systems is a privately owned subsidiary of Evercom, Inc. ("EI"), a Delaware corporation. Evercom Holdings, also a Delaware corporation, owns all stock in EI, and thus exerts control over Evercom Systems. TZ, a Delaware corporation, is a partly owned subsidiary of H.I.G.-TNetix, Inc., which itself is an affiliate of H.I.G. Capital, LLC (HIG), a private equity firm. TZ is also partly owned by Alexander Enterprise, a Delaware corporation. Alexander, in turn, is fully owned by Tarragona Investment Group Limited, a private investment partnership organized in the British Virgin Islands. Several of these companies own attributable interests in T-Netix, Inc. and its wholly owned subsidiary T-Netix Telecommunications Services, Inc. (collectively "T-Netix"), which are nondominant providers of domestic interexchange service.⁵ Apart from T-Netix and Evercom Holdings, none of the applicants or their affiliates provide any telecommunications service.⁶

Applicants propose a transaction pursuant to which TZ will acquire all stock in Evercom Holdings. Specifically, TZ's wholly owned subsidiary New Mustang Acquisition, Inc. ("Mustang"), a Delaware corporation, will merge with and into Evercom Holdings, which will thereafter operate under the Certificate of Incorporation and Bylaws adopted by Mustang. TZ will purchase all stock and stock options of Evercom Holdings, and certain Evercom Holdings stockholders will receive stock in TZ. Evercom Holdings will thus become a wholly owned subsidiary of TZ. HIG and its affiliates will retain ownership of at least 65% of TZ's common stock.

Applicants state that the proposed transfer of control will benefit the public interest because it will give rise to no changes in the rates, terms or conditions of EDI's services, and will provide Evercom Systems with potential access to the financial assets of TZ and HIG. Moreover, the transfer will eliminate Evercom Systems's secured debt.

GENERAL INFORMATION

The transfer of control identified herein has been found, upon initial review, to be acceptable for filing as a streamlined application. The Commission reserves the right to return any application if, upon further examination, it is determined to be defective and not in conformance with the Commission's rules and policies. Interested parties may file comments on or before September 17, 2004 and reply comments on or before September 24, 2004.⁷ Unless otherwise notified by the Commission, this application will be deemed granted on the 31st day after the date of this notice.⁸ Comments may be filed using the Commission's Electronic

⁵ On April 22, 2004, the Wireline Competition Bureau authorized a transfer of control over T-Netix to TZ. See *Notice of Streamlined Domestic 214 Applications Granted*, WC Docket Nos. 04-71 & 04-50, DA No. 04-1094 (rel. Apr. 26, 2004).

⁶ See Letter from Paul C. Besozzi, Counsel for Evercom Systems, Inc., Evercom Holdings, Inc. and Securus Technologies, Inc., to Marlene H. Dortch, Secretary, FCC, WC Docket No 04-314 (filed Sep. 1, 2004).

⁷ See 47 C.F.R. § 63.03(a).

Comment Filing System (ECFS) or by filing paper copies. *See Electronic Filing of Documents in Rulemaking Proceedings*, 63 Fed. Reg. 24121 (1998).

Comments filed through the ECFS can be sent as an electronic file via the Internet to <<http://www.fcc.gov/e-file/ecfs.html>>. Generally, only one copy of an electronic submission must be filed. If multiple docket or rulemaking numbers appear in the caption of this proceeding, however, commenters must transmit one electronic copy of the comments to each docket or rulemaking number referenced in the caption. In completing the transmittal screen, commenters should include their full name, U.S. Postal Service mailing address, and the applicable docket or rulemaking number. Parties may also submit an electronic comment by Internet e-mail. To get filing instructions for e-mail comments, commenters should send e-mail to ecfs@fcc.gov, and should include the following words in the subject line "get form <your e-mail address>." A sample form and directions will be sent in reply.

Parties who choose to file by paper must file an original and four copies of each filing. If more than one docket or rulemaking number appears in the caption of this proceeding, commenters must submit two additional copies for each additional docket or rulemaking number. Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail (although we continue to experience delays in receiving U.S. Postal Service mail). The Commission's contractor, Natek, Inc., will receive hand-delivered or messenger-delivered paper filings for the Commission's Secretary at 236 Massachusetts Avenue, N.E., Suite 110, Washington, D.C. 20002. The filing hours at this location are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes must be disposed of before entering the building. Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743. U.S. Postal Service first-class mail, Express Mail, and Priority Mail should be addressed to 445 12th Street, SW, Washington, D.C. 20554. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

In addition, one copy of each pleading must be sent to each of the following:

- (1) The Commission's duplicating contractor, Best Copy and Printing, Inc., 445 12th Street, S.W., Room CY-B402, Washington, D.C. 20554; e-mail: www.bcpweb.com; phone: 202-488-5300 fax: 202-488-5563;
- (2) Tracey Wilson, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C437, Washington, D.C. 20554; e-mail: tracey.wilson-parker@fcc.gov;
- (3) Russell Hanser, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-B155, Washington, D.C. 20554; e-mail: russell.hanser@fcc.gov;

⁸ Such authorization is conditioned upon receipt of any other necessary approvals from the Commission in connection with the proposed transaction.

(4) Julie Veach, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C124, Washington, D.C. 20554; e-mail: julie.veach@fcc.gov;

(5) James Bird, Office of General Counsel, 445 12th Street, S.W., Room 8-C740, Washington, D.C. 20554; e-mail: james.bird@fcc.gov.

Filings and comments are also available for public inspection and copying during regular business hours at the FCC Reference Information Center, Portals II, 445 12th Street, SW, Room CY-A257, Washington, DC, 20554. They may also be purchased from the Commission's duplicating contractor, Best Copy and Printing, Inc., Portals II, 445 12th Street, SW, Room CY-B402, Washington, DC, 20554, telephone: 202-488-5300, fax: 202-488-5563, or via e-mail www.bcpiweb.com.

For further information, please contact Tracey Wilson, at (202) 418-1394, or Russell Hanser at (202) 418-0832.

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